

# 2017 Plan Comparison Claim Example



Our Mission: To protect and improve the health and environment of all Kansans.

Introduction Slide

## Plan Comparison Example

- After work on January 15th, Jill fell, injuring her wrist.
- Jill went to an urgent care center. They x-rayed it, & gave her a prescription & a splint.
- She was advised it was broken & to follow up with an orthopedic doctor the next day.
- The orthopedic doctor sent her for an MRI & then placed the wrist in a cast for 6 weeks.
- When the cast came off, she went to occupational therapy.
- Jill starts receiving bills for services in February with the last of the therapy charges billed in April.



Our Mission: To protect and improve the health and environment of all Kansans.

The following is a real life example of your health plan benefits in action. Jill has an accident early in the year and has claims that will be submitted for several months.

Jill falls on January 15<sup>th</sup> and immediately knows that her wrist injury is going to require medical attention. She heads to the local urgent care center and has her wrist examined, x-rayed and splinted. It's broken. She is told to follow up with an Orthopedic doctor the next day. The orthopedic doctor reviews the x-rays and orders an MRI because of concerns about the break. A cast is put on the arm for 6 weeks and then OT to regain range of motion.

## Plan A Claims

Service	Actual Charge	Allowed Charge	Deductible	Copay or Coins.	Plan Paid	Member Owes
Urgent Care Facility	\$279.50	\$279.50		\$50.00	\$229.50	\$50.00
Urgent Care Doctor	\$108.25	\$90.04	\$90.04			\$90.04
Specialist Office Visits (4)	\$276.50	\$258.13		\$240.00	\$18.13	\$240.00
MRI	\$1,375.93	\$556.74	\$556.74			\$556.74
X-rays (4)	\$370.00	\$200.61	\$200.61			\$200.61
Pharmacy (1)	\$14.38	\$14.38	\$14.38			\$14.38
Therapy Visits (6)	\$2,595.77	\$1,419.80	\$138.23	\$360.00 \$136.30	\$785.27	\$634.53
<b>Total</b>	<b>\$5,020.33</b>	<b>\$2,819.20</b>	<b>\$1,000</b>	<b>\$786.30</b>	<b>\$1,032.90</b>	<b>\$1,786.30</b>



Our Mission: To protect and improve the health and environment of all Kansans.

Jill is a Plan A member and only used network providers. She must meet the \$1,000 deductible and then her services are paid at 80% and she owes 20% plus any office visit copays. So, when she completes her care in April, she will owe the providers \$1,786.30 and the plan will have paid \$1,032.90 to the providers.

## Jill's Claim on Plan A

- Jill has now met her \$1,000 Deductible & \$786.30 in Coinsurance & Copays
  - A total of \$1,786.30 is credited toward her Network Out Of Pocket (OOP) max of \$5,750
- Jill will need to pay the providers \$1,786.30
  - If she has a health care flexible spending account, she could use those dollars to pay the bills
  - Otherwise she will need to come up with this whole amount out of her pocket



Our Mission: To protect and improve the health and environment of all Kansans.

So Jill will have met \$1,786.30 of her annual OOP max. If she needs additional medical care or prescription drugs, she will have additional out of pocket expenses to pay. As a Plan A member, unless Jill has signed up for a Health Care Flexible Savings Account (HCFSA) to use pre-tax money for health services, she will have to come up with the full amount out of her pocket. Using an HCFSA would at least allow her to use pre-tax funds for part of her care.

## Claim on Plan C

Service	Actual Charge	Allowed Charge	Deductible	20% Coins.	Plan Paid	Member Owes
Urgent Care Facility	\$279.50	\$279.50	\$279.50			
Urgent Care Doctor	\$108.25	\$90.04	\$90.04			
Specialist Office Visits (4)	\$276.50	\$258.13	\$258.13			
MRI	\$1,375.93	\$556.74	\$556.74			
X-rays (4)	\$370.00	\$200.61	\$200.61			
Pharmacy (1)	\$14.38	\$14.38	\$14.38			
Therapy Visits (6)	\$2,595.77	\$1,419.80	\$1,350.60	\$13.84	\$55.36	
<b>Total</b>	<b>\$5,020.33</b>	<b>\$2,819.20</b>	<b>\$2,750.00</b>	<b>\$13.84</b>	<b>\$55.36</b>	<b>\$2,763.84</b>



Our Mission: To protect and improve the health and environment of all Kansans.

If Jill is enrolled in Plan C, the member deductible applies first. After all the claims are processed she will have the \$2,750 deductible for network medical or pharmacy services and the plan will have begun to pay for her medical pharmacy claims at 80% and she will pay 20% Coinsurance. But there is more to the story than just the member's out of pocket on Plan C.

## Jill's Claim on Plan C

- Jill has an HSA to which her employer, the State, contributed \$250 in January and \$250 in April that she can use to pay the providers
  - Using pre-tax dollars she contributes \$30 per pay period
  - If she started the year with \$0, her HSA would have:
    - by May 1, \$ 770 available to use on her bills
    - by July 1, \$1,170 available to use on her bills



Our Mission: To protect and improve the health and environment of all Kansans.

Jill has a Health Savings Account and her employer, the State, has already deposited \$250 into her account in January. She will get another \$250 in April that she can use to pay her claims. In addition, she is setting aside \$30 pre-tax from each of her paychecks. That reduces her taxable income and saves her money and also provides her with additional funds to use to pay her claims.

By May, she would have over \$770 to use to pay the providers. By July, \$1,170 would have been set aside to help her pay her medical expenses.

Jill participates in HealthQuest every year. She can earn additional HSA dollars (max of \$500) through participation in the HealthQuest programs in 2017.

## Plan C Health Savings Account

- An employee-owned bank account for saving money to use to pay for your current or future medical expenses
- Account administered by Optum
- Unspent HSA funds roll over and accumulate year to year and can be invested
- Portable - The account and the money belong to you
- HSA funds can be used to pay expenses of your tax-qualified dependents



Our Mission: To protect and improve the health and environment of all Kansans.

Plan C includes a Health Savings Account (HSA). As Jill found out, this is a great way to set aside funds to pay for health care services. The HSA is an employee-owned bank account. Unlike a Flexible Spending Account, an HSA is a permanent account where funds roll over from year to year if not spent. You can only contribute to an HSA while you are enrolled in a qualified high deductible health plan. Members can invest their HSA funds in a variety of investment options. The account and the funds in it belong to the employee and go with you if you leave State service or if you switch to another health plan at a future open enrollment.

This is your account and your funds. As long as the money is spent on healthcare for you or your qualified dependents, the money is not taxable to you. You can set aside funds using pre-tax payroll deduction for additional tax savings.

## HSA Eligibility Requirements

- The following Employees are eligible to have an HSA:
  - Employee must be enrolled in Plan C, a High Deductible Health Plan (HDHP)
  - Employee has no other health coverage that isn't an HDHP
  - Employee is not enrolled in Medicare or TRICARE
  - Employee is not claimed as a dependent on someone else's tax return



Our Mission: To protect and improve the health and environment of all Kansans.

IRS guidelines identify employees that are eligible to have and make contributions into an HSA account.

The rules apply to the employee and not to any covered spouse or dependents. Additional information is available on the SEHP website, the US Bank website and on the Treasury Department website.



## State HSA Funding

Coverage Tier	EE Only	EE/Child	EE/Spouse & Family
Employer (ER) Contribution per Quarter	\$250	\$437.50	\$312.50
<b>Annual Amount</b>	<b>\$1,000</b>	<b>\$1,750</b>	<b>\$1,250</b>

- State's HSA contribution will be made in four payments:
  - First pay period in January
  - First pay period in April
  - First pay period in July
  - First pay period in October

\* Contribution amounts shown are for full-time employees.



Our Mission: To protect and improve the health and environment of all Kansans.

- The employer contribution to the HSA depends on the coverage tier the employee is enrolled in at the time of the payment.
- The State will make four (4) equal contributions into its employee's HSA:
  - January
  - April
  - July
  - October

## HSA Contributions

	Member Only	Member + Child(ren)	Member + Spouse or Family plan
Annual Maximum Allowed HSA Contribution	\$3,400	\$6,750	\$6,750
Employer HSA Contribution	\$1,000	\$1,750	\$1,250
Minimum Employee \$25 Contribution Annually	\$600	\$600	\$600
Member over age 55 additional "Catch up" amount	\$1,000	\$1,000	\$1,000

\*Based on full-time employees with 24 pay period deductions.



Our Mission: To protect and improve the health and environment of all Kansans.

The total annual maximum amount is the total amount that you and your employer can set aside each year into an HSA. The State is going to put a total of \$1,000 into your Health Savings Account for single coverage over the course of the year (\$1,250 if you choose family coverage).

You will be asked to set aside a minimum of \$25 per pay period by payroll deduction. Over the course of the year your contribution will result in \$600 being added to your account.

You can elect to contribute more to your HSA, but the total contribution to the HSA by the State and by you cannot exceed the maximum allowed by the IRS of \$3,400 for a single plan and \$6,750 for a family plan.

Members over age 55 may use the "Catch Up" provision to set aside an additional \$1,000 per year into their HSA. You will be able to elect this in the Open Enrollment Portal.

## Health Reimbursement Account (HRA)

- Available for Plan C members not eligible for an HSA
- The HRA is 100% employer funded
- HRA members may have a Health Care FSA
- HRAs are not portable
- Unused funds do not roll from year to year
- Cannot be converted to cash



Our Mission: To protect and improve the health and environment of all Kansans.

For employees who are not eligible for an HSA, we will be offering a Health Reimbursement Account.

- Contributions to the HRA are the same as the HSA
- HRAs are 100% employer funded - No employee contributions are allowed
- Employees with an HRA may have a Health Care FSA
- HRAs are not portable:
  - Unused funds do not roll from year to year
  - Cannot be converted to cash
  - Unused funds cannot be assigned to a beneficiary

## State HRA Funding

Coverage Tier	EE Only	EE/Child	EE/Spouse & Family
Employer (ER) Contribution per Quarter	\$250	\$437.50	\$312.50
<b>Annual Amount</b>	<b>\$1,000</b>	<b>\$1,750</b>	<b>\$1,250</b>

- State's HRA contribution will be made in four payments:
  - First pay period in January
  - First pay period in April
  - First pay period in July
  - First pay period in October

\* Contribution amounts shown are for full-time employees.



Our Mission: To protect and improve the health and environment of all Kansans.

State will pay HRA funding in Four (4) equal contributions: January, April, July and October.

- HRAs may be used in conjunction with a healthcare flexible spending account so you can have funds in the grace period.

## Learn More at:

<http://www.kdheks.gov/hcf/sehp/HSA.htm>

<https://www.irs.gov/pub/irs-pdf/p502.pdf>

<https://www.irs.gov/pub/irs-pdf/p969.pdf>

<http://www.kdheks.gov/hcf/sehp/HRA.htm>



Our Mission: To protect and improve the health and environment of all Kansans.